

# CALTRANS

## *TransNet and TransNet Extension Activities*

*Independent Accountants' Report  
On Applying Agreed-Upon Procedures*

*For the year ended June 30, 2008*

# CALTRANS

## *TransNet and TransNet Extension Activities*

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**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

At the request of the San Diego Association of Governments (SANDAG), we have performed certain agreed-upon procedures applied to the State of California, Department of Transportation (CALTRANS) enumerated below in this report. These procedures, which were agreed to by SANDAG, were performed solely to assist SANDAG and CALTRANS in evaluating the compliance with the *TransNet* Ordinances for the fiscal year ended June 30, 2008.

This engagement was to apply agreed-upon procedures, which were performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of SANDAG. Consequently, we make no representations regarding the sufficiency of the procedures described herein either for the purpose for which the report has been requested or any other purpose. The sufficiency of the procedures is solely the responsibility of the specific users of the report.

**Procedures Performed:**

- A. Reviewed the 1987 Proposition A: San Diego Transportation Improvement Plan (*TransNet* Ordinance and Expenditure Plan), the 2004 Proposition A (*TransNet Extension* Ordinance and Expenditure Plan), and SANDAG Board Policy No. 031: *TransNet* Ordinance and Expenditure Plan Rules compliance requirements (SANDAG Board Policy No. 031).

**Findings:** No findings were noted.

- B. Obtained from SANDAG the approved Regional Transportation Improvement Program (RTIP) for the fiscal year.

**Findings:** No findings were noted.

- C. Inquired of CALTRANS' management and determined that CALTRANS does not maintain a separate fund for *TransNet* revenues.

Per discussion with CALTRANS management, the accounts of the *TransNet* Fund are not maintained in a separate fund, but are part of the state transportation fund set of accounts of CALTRANS. Within the CALTRANS state transportation fund set of accounts, separate sub-accounts (expenditure authorization) are maintained for *TransNet*. This alternative approach to maintaining separate accountability for *TransNet* revenue and expenditures has been approved by SANDAG. SANDAG Board Policy No. 031, Rule #6, allows for this alternative approach if approved by SANDAG.

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To the Board of Directors  
of the San Diego Association of Governments  
San Diego, California

There are no accounts maintained for assets, liabilities and fund balance of the *TransNet* Fund.

**Findings:** No findings were noted.

- D. For the *TransNet* fund, obtained from CALTRANS a detailed general ledger and a schedule of assets, liabilities, and fund balance for the fiscal year.

Per discussion with CALTRANS management, the accounts of the *TransNet* Fund are not maintained in a separate fund, but are part of the state transportation fund set of accounts of CALTRANS. Within the CALTRANS state transportation fund set of accounts, separate sub-accounts (expenditure authorization) are maintained for *TransNet*. This alternative approach to maintaining separate accountability for *TransNet* revenue and expenditures has been approved by SANDAG. SANDAG Board Policy No. 031, Rule #6, allows for this alternative approach if approved by SANDAG.

There are no accounts maintained for assets, liabilities and fund balance of the *TransNet* Fund.

**Findings:** No findings were noted.

- E. For the *TransNet* Fund, obtained from CALTRANS the revenues and expenditures reports for the fiscal year.

**Findings:** No findings were noted.

- F. Obtained from CALTRANS the Schedule of Status of Funds by Project (Schedule). The Schedule included a beginning balance, funds received, expenditures, interest income, adjustments, and an ending balance by MPO ID.

- a. Reviewed the Schedule and determined that projects were properly classified and reported by *TransNet* program (i.e., original *TransNet* vs. *TransNet Extension*; streets and roads vs. highway; etc). Reviewed the beginning balance from the prior year or provided a footnote of any restatements.

**Findings:** No findings were noted.

- b. Identified the total *TransNet* revenues for the fiscal year.

- i. Reviewed the total funds received per the Schedule and agreed to the *TransNet* revenues report. Provided a reconciliation on the Schedule, if necessary.

- ii. Obtained from SANDAG a listing of *TransNet* payments from SANDAG to CALTRANS by *TransNet* program and compared to the *TransNet* revenues recorded by CALTRANS.

**Findings:** No findings were noted.

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- c. Identified the interest income for the fiscal year.

Per discussion with Phuong Lim, CALTRANS ORSA/Reimbursement Accounting MS #33, in accordance with the Governor's Budget, CALTRANS has no authority to disburse funds deposited in the State Highway Account as that money is defined for a specific purpose through the Legislative process. An absence of such authority means that CALTRANS cannot disburse funds and the Department of Finance has no authority to pay interest on advanced deposits.

**Findings:** No findings were noted.

- d. Identified the total *TransNet* expenditures for the fiscal year.
- i. Reviewed the total project expenditures per the Schedule and agreed to the *TransNet* expenditure report. Provided a reconciliation on the Schedule, if necessary.
  - ii. Selected individual expenditures of at least 25% of the total dollar amount of expenditures from the expenditure report and obtained supporting documentation (i.e., invoice and copy of check or EFT wire).
  - iii. For the expenditures selected, identified the MPO ID that the expenditures were charged against and determined the MPO ID was included in the RTIP and the expenditure was an eligible cost per the *TransNet* and *TransNet Extension Ordinance* and Expenditure Plan requirements.

**Findings:** No findings were noted.

- e. Reviewed that any amounts reflected in the "adjustments" column are explained in the form of a footnote and that the adjustments are consistent with SANDAG Board Policy No. 031, Rule #17, Section IV.

**Findings:** No findings were noted.

- f. Obtained a list of completed projects reported by *TransNet* program from CALTRANS. Reviewed that the remaining *TransNet* funds for completed projects were transferred to another *TransNet* eligible project in the RTIP and completed projects from the previous year were no longer shown in the current year Schedule.

**Findings:** No findings were noted.

- g. If a project ending balance was negative, an explanation in the form of a footnote to the Schedule was provided of the subsequent year's intended action.

**Findings:** No findings were noted.

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San Diego, California

- h. Reviewed inactive projects which have had no activity over the past two years, other than interest earnings, were closed out or provided a footnote of the status of the project and when the project will be completed.

**Findings:** No findings were noted.

- i. Obtained a signed staff report or resolution from CALTRANS' governing body consenting to the transfer of *TransNet* funds from one project to another. Reviewed transfers that require an amendment to the RTIP follow the amendment process outlined in Rule #7 of SANDAG Board Policy No. 031.

**Findings:** No findings were noted.

- G. Reviewed that the ending fund balance on the Schedule is not more than 30% of the agency's current year allocation (net of debt service payments).

**Findings:** The 30% rule is related to *TransNet* recipients that have an annual allocation per the Ordinance. CALTRANS is contracted with SANDAG for several projects; however, CALTRANS is not a recipient of an annual allocation. Therefore, Procedure G, did not apply to CALTRANS.

- H. If applicable, obtained a schedule showing the beginning balance of debt, additions, repayments, and the ending balance.

**Findings:** Per discussion with SANDAG, Procedure H did not apply to CALTRANS.

- I. If applicable, reviewed the maintenance of effort (MOE) requirements.

**Findings:** Per Section 8 of the *TransNet Extension Ordinance* and Expenditure Plan, "each local agency receiving revenues pursuant to Section 4(D) shall annually maintain as a minimum the same level of local discretionary funds expended for street and road purposes on average over the last three fiscal years completed prior to the operative date of this Ordinance (Fiscal Years 2000-01, 2001-02, 2002-03), as was reported in the State Controller's Annual Report of Financial Transactions for Streets and Roads and as verified by an independent auditor."

CALTRANS does not receive Streets and Roads funds; therefore, procedure I did not apply.

- J. Reviewed prior year audit findings and recommendations and determined if they were adequately addressed.

**Findings:** No findings and recommendations were noted in prior year audit. Therefore, Procedure J did not apply.

To the Board of Directors  
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San Diego, California

K. Proposed current year findings as a result of performing the above agreed-upon procedures.

Findings: As a result of performing the above agreed-upon procedures, there were no findings noted. Therefore, Procedure K did not apply.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on CALTRANS' compliance assertion on its utilization of *TransNet* funds administered by SANDAG. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Capricci & Carson*

San Diego, California  
October 29, 2008

## TransNet and TransNet Extension Activities

## Schedule of Status of Funds by Project - Modified Cash Basis

For the year ended June 30, 2008

MPO ID	Project Name	Project Status June 30, 2007	Funds Received	Agency Adjustments	Project Expenditures	Project Status June 30, 2008
<b>TransNet Activities</b>						
<b>Highways</b>						
CAL 01	Route 5	\$ (7,632)	\$ -	\$ -	\$ (42,037)	(49,669) <sup>(c)</sup>
CAL 26	Route 52	2,668,546	-	(806,930)	(632,789)	1,228,827
CAL 29A	Route 76	338,556	-	(338,556)	-	-
CAL 31	Route 54/125	202,206	-	-	(845,984)	(643,778) <sup>(b)</sup>
CAL 31	Route 94/125	-	-	53,332	(53,332)	-
CAL 31	Route 125	92,715	-	-	-	92,715
CAL 31	SR-125 8 Lane Freeway	(779,981)	-	494,772	(1,415,771)	(1,700,980) <sup>(b)</sup>
	<b>Subtotal CAL 31</b>	<b>(485,060)</b>	<b>-</b>	<b>548,104</b>	<b>(2,315,087)</b>	<b>(2,252,043) <sup>(b)</sup></b>
	Route 94	(183,241)	-	-	(197,083)	(380,324) <sup>(c)</sup>
	<b>Total highways</b>	<b>2,331,169</b>	<b>-</b>	<b>(597,382)</b>	<b>(3,186,996)</b>	<b>(1,453,209) <sup>(a)</sup></b>
<b>Bikes and Pedestrian</b>						
CAL 92	SR-5 Bike Path	(176,052)	195,000	-	(10,811)	8,137
	<b>Total bikes and pedestrian</b>	<b>(176,052)</b>	<b>195,000</b>	<b>-</b>	<b>(10,811)</b>	<b>8,137</b>
	<b>TransNet Total</b>	<b>2,155,117</b>	<b>195,000</b>	<b>(597,382)</b>	<b>(3,197,807)</b>	<b>(1,445,072)</b>

(continued)

## NOTES:

(a) Collection amount of \$597,382, moved from TransNet to TransNet Extension.

(b) A negative ending balance for TransNet projects exist due to payments on hold by a Stop Notice filed by the Otay River Constructors (ORC).

(c) Billing dollar amounts are determined from historical cost information and cost projections which may not equal the exact amount of actual expenditures. The negative ending balances will be offset by subsequent invoices.



TransNet and TransNet Extension Activities

Schedule of Status of Funds by Project - Modified Cash Basis, Continued

For the year ended June 30, 2008

MPO ID	Project Name	Project Status June 30, 2007	Funds Received	Agency Adjustments	Project Expenditures	Project Status June 30, 2008
<b>TransNet Activities</b>						
	<i>TransNet Total,</i>					
	<i>from previous page</i>	\$ 2,155,117	\$ 195,000	\$ (597,382)	\$ (3,197,807)	\$ (1,445,072)
<b>TransNet Extension Activities</b>						
<b>Major Corridor</b>						
CAL 09	I-5 North Coast	(1,310)	6,275,000	-	(2,313,761)	3,959,929
CAL 09A/B	I-5 HOV Ext & Lomas Santa Fe	213,650	9,363,055	-	(11,897,381)	(2,320,676) <sup>(c)</sup>
CAL 09C	I-805 HOV/Carroll Canyon DAR	-	2,655,000	-	(3,023,683)	(368,683) <sup>(c)</sup>
CAL 18	I-15 Managed Lanes - Middle Segment	(87,422)	1,116,000	-	(712,101)	316,477
CAL 18A	I-15 Managed Lanes - North Segment	(150,659)	4,142,000	-	(767,701)	3,223,640
CAL 18B	I-15 Managed Lanes - South Segment	305,037	9,029,000	-	(2,173,006)	7,161,031
CAL 26	SR 52 Freeway E&F	3,342,192	11,460,000	597,382	(8,449,633)	6,949,941
CAL 26A	SR 52 HOV/Managed Lanes	(203,170)	1,659,529	-	(679,742)	776,617
CAL 26B	SR 52 Auxiliary Lanes	(188,330)	4,270,000	-	(4,581,442)	(499,772) <sup>(c)</sup>
CAL 26C	SR 52 Truck Lane Extension	443,434	967,000	-	(1,023,550)	386,884
CAL 29	SR 76 Middle	(284,622)	3,999,500	-	(1,862,941)	1,851,937
CAL 29B	SR 76 East	(44,582)	225,000	-	(109,427)	70,991
CAL 78B	I-805 North	(108,824)	1,160,000	-	(817,825)	233,351 <sup>(d)</sup>
CAL 78C	I-805 South	(402,108)	2,725,000	-	(1,292,012)	1,030,880 <sup>(d)</sup>
SAN04	I-15 Fas Trak	-	-	-	(142,875)	(142,875) <sup>(c)</sup>
SAN26	I-15 BRT Stations-North	-	-	-	(61,877)	(61,877) <sup>(c)</sup>
SAN26B&C	I-15 BRT Stations-South	-	10,000	-	(55,016)	(45,016) <sup>(c)</sup>
	<b>Total major corridor</b>	<b>2,833,285</b>	<b>59,056,084</b>	<b>597,382</b>	<b>(39,963,971)</b>	<b>22,522,780</b> <sup>(c)</sup>
<b>Major Corridor</b>						
	<b>Environmental Mitigation</b>					
	<b>Program ( MC EMP)</b>					
V07	Mitigation Program	15,869,435	5,117,200	-	(22,932,215)	(1,945,580) <sup>(c)</sup>
	<b>Total MC EMP</b>	<b>15,869,435</b>	<b>5,117,200</b>	<b>-</b>	<b>(22,932,215)</b>	<b>(1,945,580)</b>
	<b>TransNet Extension Total</b>	<b>18,702,720</b>	<b>64,173,284</b>	<b>597,382</b>	<b>(62,896,186)</b>	<b>20,577,200</b>
	<b>Total TransNet and</b>					
	<b>TransNet Extension Activities</b>	<b>\$ 20,857,837</b>	<b>\$ 64,368,284</b>	<b>\$ -</b>	<b>\$ (66,093,993)</b>	<b>\$ 19,132,128</b>

Composed of:

Project status balance \$ 19,132,128

NOTES:

(c) Billing dollar amounts are determined from historical cost information and cost projections which may not equal the exact amount of actual expenditures. The negative ending balances will be offset by subsequent invoices.

(d) Prior to 7-1-08 these two projects were covered under CAL 78. As of 7-1-08 they were split into two MPO ID#s.

**CALTRANS**

Exhibit B

*TransNet* Activities**Schedule of Revenue Collections and Expenditures - Modified Cash Basis  
For the year ended June 30, 2008****REVENUES COLLECTED**

<i>TransNet</i>	\$ 195,000
<i>TransNet Extension</i>	<u>64,173,284</u>
Total revenues	<u>64,368,284</u>

**EXPENDITURES:**

Engineering and construction - <i>TransNet</i>	3,197,807
Engineering and construction - <i>TransNet Extension</i>	<u>62,896,186</u>
Total expenditures	<u>66,093,993</u>

REVENUES COLLECTED OVER (UNDER) EXPENDITURES (1,725,709)

**PROJECT STATUS BALANCE**

Beginning of year	<u>20,857,837</u>
End of year	<u>\$ 19,132,128</u>